

Testing non-stationary panel data with persistent cross-sectional dependence

Citation for published version (APA):

Gengenbach, C. (2009). *Testing non-stationary panel data with persistent cross-sectional dependence*. [Doctoral Thesis, Maastricht University]. Universitaire Pers Maastricht.
<https://doi.org/10.26481/dis.20090903cg>

Document status and date:

Published: 01/01/2009

DOI:

[10.26481/dis.20090903cg](https://doi.org/10.26481/dis.20090903cg)

Document Version:

Publisher's PDF, also known as Version of record

Please check the document version of this publication:

- A submitted manuscript is the version of the article upon submission and before peer-review. There can be important differences between the submitted version and the official published version of record. People interested in the research are advised to contact the author for the final version of the publication, or visit the DOI to the publisher's website.
- The final author version and the galley proof are versions of the publication after peer review.
- The final published version features the final layout of the paper including the volume, issue and page numbers.

[Link to publication](#)

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal.

If the publication is distributed under the terms of Article 25fa of the Dutch Copyright Act, indicated by the "Taverne" license above, please follow below link for the End User Agreement:

www.umlib.nl/taverne-license

Take down policy

If you believe that this document breaches copyright please contact us at:

repository@maastrichtuniversity.nl

providing details and we will investigate your claim.

STELLINGEN

BEHORENDE BIJ HET PROEFSCHRIFT

TESTING NON-STATIONARY PANEL DATA

WITH

PERSISTENT CROSS-SECTIONAL DEPENDENCE

DOOR

CHRISTIAN GENGENBACH

1. While common factors provide a flexible approach to model cross-sectional dependence, the way the common factors enter the model has important implications on the nature of the dependence which has to be considered when testing.
(Chapters 2 and 3)
2. Not all panel unit root tests using common factors test the same data component. Practitioners have to take that into consideration when selecting an appropriate method.
(Chapter 2)
3. If the common factors are properly accounted for, average based statistics can still be used for panel tests despite the fact that individual statistics are not cross-sectionally independent.
(Chapter 4)
4. Communalities among panel members can be exploited by pooling but the potential gains of doing so can be limited by strong cross-sectional dependence.
(This thesis.)
5. Scientists try to uncover the rules and laws that shape the world. However, economic agents (humans) like to change the rules of the game.
6. A good econometric method has to be both advanced enough to yield reliable results and simple enough to be applied in practice.
See e.g. A. Zellner, H. Keuzenkamp and M. McAleer (eds.), *Simplicity, Inference and Modeling (Keeping it Sophisticatedly Simple)*, Cambridge University Press, 2001.
7. Simulated data is useful when analyzing the performance of an econometric method. Finding real data that fits the method can be problematic.
8. Forecasting is an important function of many economic models, but during extreme events when forecasts would be most valuable they are prone to failure.
9. It is important to remain critical of your own research but you also have to be prepared to defend your results if they are correct.
10. Everything existing in the universe is the fruit of chance and necessity.
Democritus